

## BANKING REVIEW.

The figures of the Canadian bank statement for May last will be found in condensed form below, and are compared with those of the previous month. The statement bears date Ottawa, June 19.

## CANADIAN BANK STATEMENT.

LIABILITIES.		
	May, 1890.	April, 1890.
Capital authorized..	\$ 76,800,665	\$76,029,999
Capital paid up....	59,567,749	60,332,641
Reserve funds ....	21,034,034	20,570,333
Notes in circulation	30,831,914	30,671,938
Dominion and Provincial Government deposits....	6,682,916	6,664,030
Deposits held to secure Government contracts & for insurance companies .....	206,781	213,197
Public deposits on demand.....	51,440,101	51,931,630
Public deposits after notice.....	74,629,147	73,406,039
Bank loans or deposits from other banks secured...	292,748	189,382
Bank loans or deposits from other banks unsecured.	1,461,357	1,782,545
Due other banks in Canada .....	741,275	700,520
Due other banks in foreign countries	316,558	113,893
Due other banks in Great Britain...	2,441,440	2,825,527
Other liabilities....	640,669	122,914
Total liabilities..	\$169,684,912	\$168,522,521
ASSETS.		
Specie .....	\$ 6,145,182	\$ 6,320,484
Dominion notes....	9,845,830	9,913,272
Notes and cheques of other banks..	5,813,744	6,110,769
Due from other banks in Canada.	2,784,471	2,957,799
Due from other banks in foreign countries .....	10,367,628	11,155,433
Due from other banks in Great Britain .....	2,332,447	1,483,993
Immediately available assets.....	\$ 37,289,302	\$ 38,141,750
Dominion Government debentures or stock.....	2,556,758	2,698,678
Public securities other than Canadian.....	5,860,354	5,387,889
Loans to Dominion & Prov. Govts..	1,691,809	2,017,544
Loans on stocks, bonds, or debent.	11,374,257	11,724,792
Loans to municipal corporations ....	2,622,342	2,472,948
Loans to other corporations .....	24,446,286	23,466,479
Loans to or deposits made in other banks secured....	444,235	338,260
Loans to or deposits made in other banks unsecured..	185,213	228,970
Discounts current..	153,095,151	152,069,707
Overdue paper unsecured .....	977,778	1,150,725
Other overdue debts unsecured.....	72,317	107,357
Notes and debts overdue secured...	1,421,819	1,756,641
Real estate.....	993,142	1,126,336
Mortgages on real estate sold .....	723,294	736,892
Bank premises....	4,030,821	4,028,347
Other assets .....	2,376,960	3,745,301
Total assets.....	\$250,161,846	\$250,174,578
Average amount of specie held during the month .....	6,195,525	6,148,605
Av. Dom. notes do..	8,956,899	9,786,159
Loans to directors or their firms....	7,118,264	7,144,605

The bank meetings recently held had on the whole an encouraging tone, considering the times through which we have passed. They all speak of the year as having been somewhat trying in its developments, yet all report, with one exception, substantial realized progress. The results achieved speak well for the skill and intelligence with which the affairs of our banks are conducted. It is in precisely such times as we have been passing through that the qualities of bankers and men of business are tested. Almost any one might steer a ship in calm weather, but when the outlook is squally and stormy, good seamanship is necessary to a safe issue. The men who are now at the heads of our Canadian banks have been all trained to the business. That is saying a great deal. They have risen step by step through the various grades of the profession until they have risen to their present position. This simply means that they were all tried men before the heavy responsibility of the chief direction of a bank was placed upon them. And most of them have been well tried since, and have had a number of years of experience in the art of management.

The directors of our various banks have all doubtless done their own part in bringing about the results we have spoken of, and directors take a most important share in building up and strengthening the business connection that gathers round our banking institutions. They bring to bear upon the business the knowledge of men and things which is gathered from contact with business circles outside the banking sphere. Directors can do very much to strengthen the hands of the chief officer, and support him in his administration of affairs. They can also do the contrary, which is not a pleasant condition of affairs, should it ever come about.

The importance of these observations will be manifest when we consider that, beyond doubt, the business of banking is rather overdone than otherwise in Canada. As in other lines of business there is over-competition in this. None of the banks have as much business as they ought to have in proportion to the capital employed. But the deficiency of business applies in a special degree to the banks with large capital. Even counting the business such banks do in the United States (which is by no means inconsiderable), the amount of their deposits and discounts, and of their annual turn over in exchange and otherwise, is far below what is customary in countries where an active banking and commercial business is done. It is, however, not much to the purpose to dwell on this. It is mentioned here, however, as accounting for the moderate profits and dividends of most of our banks.

The business of banking is essentially one of incurring risks, and it ought to be productive of much larger returns. These risks are not to be measured by the ordinary and average losses of a year like the present. The average over a long period should be taken, in which case it is almost certain that one or more years will be encountered in which the losses are of exceptional magnitude. Sometimes, even in a well-managed bank, such losses will pre-

vent additions to the Rest year after year; or even a large diminution of the Rest. Sometimes a considerably diminished dividend is superadded to the diminution of the Rest. But occasionally losses go far beyond this. The whole of the Rest of a bank may be swept away, or even large amounts of the capital. To gather together the instances in which the Rest and portions of the capital of existing banks were swept away would represent a total of figures far beyond anything that is generally dreamed of. So it is only fair, in thinking of the business of banking, to take the reverse side as well as the other. When this is looked at it will be seen that if dividends of even ten per cent. or over are paid for years together, these only serve as it were to even up the average, and make the business reasonably profitable.

Of the future it is always uncertain to speak. The prospects at present are fairly good. Much depends, in fact everything depends, upon the result of the coming harvest. If that prove good we shall have a general brightening-up in business and banking. If not, there can be little doubt we shall have "hard times" in good earnest. But we need not anticipate evil.

The banks of the Dominion at present are not by any means as strong in available resources as is desirable. But they doubtless understand the position and are proceeding with requisite care. Let us all hope the future may be as the best friends of the banks would desire it to be.

## ABSTRACT OF BANK RETURNS.

31st May, 1889.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total
	\$	\$	\$	\$
Capital paid up..	34,433	17,783	8,019	60,235
Circulation .....	15,439	9,707	4,866	30,012
Deposits .....	70,810	48,843	15,336	134,989
Loans & Discounts	101,386	68,651	22,406	192,443
Cash and Foreign balances (Net)...	20,375	6,267	2,711	29,353

31st May, 1890.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
	\$	\$	\$	\$
Capital paid up	34,489	16,471	8,607	59,567
Circulation .....	15,356	9,990	5,486	30,832
Deposits .....	65,486	49,865	17,608	132,959
Loans & Disc'ts.	103,973	66,604	25,753	196,330
Cash & Foreign balances (Net)...	15,086	8,191	2,646	25,923

## BANK MEETINGS.

To the Merchants' Bank report we have already referred. Besides its importance, as the record of a great institution's progress, the comprehensive address of the general manager deals with the general commercial situation.

The annual reports of the Standard Bank are usually short, and do not deal much with matters outside the bank's own particular field. For years past, however, this bank has been closely looked after and has made steady progress, adding year by year to the Rest until that fund is now equal to 46 per cent. of the paid capital. The earnings of 1890 were \$125,000, out of which 7